

United States District Court **FILED**

FOR THE  
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

2014 OCT 22 A 9:52

RICHARD W. WICKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

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UNITED STATES OF AMERICA,

v.

WHO

**CR 14 534**

JOSEPH J. GIRAUDO

DEFENDANT(S).

---

**INDICTMENT**

Title 15 U.S.C. Section 1 (Bid Rigging)  
(Counts One, Six)

Title 18 U.S.C. Section 1341 (Mail Fraud)  
(Counts Two, Three, Four, Five, Seven, Eight)

A true bill.

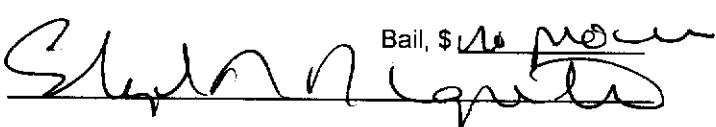
  
\_\_\_\_\_  
Foreman

Filed in open court this 21<sup>st</sup> day of

October 2014.

Stephen Ybarra

Clerk

  
\_\_\_\_\_  
Bail, \$10,000

United States District Court  
FOR THE  
NORTHERN DISTRICT OF CALIFORNIA

VENUE: SAN FRANCISCO

2014 OCT 22 A 9:52  
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CLERK, U.S. DISTRICT COURT  
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UNITED STATES OF AMERICA,

v.

WHO

CR 14 534

RAYMOND A. GRINSELL

DEFENDANT(S).

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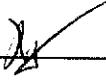
**INDICTMENT**

Title 15 U.S.C. Section 1 (Bid Rigging)  
(Counts One, Six)

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(Counts Two, Three, Five, Seven, Eight)

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A true bill.

  
\_\_\_\_\_  
Foreman

Filed in open court this 21<sup>st</sup> day of

October 2014

Stephen Ybarra  
\_\_\_\_\_  
Clerk

Susan D. Ignacio  
\_\_\_\_\_  
Bail, \$ no prosec

**United States District Court** **FILED**  
FOR THE  
**NORTHERN DISTRICT OF CALIFORNIA** 2014 OCT 22 A 9 52

## VENUE: SAN FRANCISCO

**CHARLES W. WICKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA**

**UNITED STATES OF AMERICA,**

V.

WHO

**CR 14 534**  
KEVIN B. CULLINANE

**DEFENDANT(S).**

## **INDICTMENT**

Title 15 U.S.C. Section 1 (Bid Rigging)  
(Counts One)

**Title 18 U.S.C. Section 1341 (Mail Fraud)  
(Counts Two, Three, Four)**

A true bill.

Foreman

Filed in open court this 21<sup>st</sup> day of

October 2011

Stephen ybarra

Clerk

Bail. \$ 1000.00

Elgar D. Lippard Bail, \$ in process

United States District Court  
FOR THE  
NORTHERN DISTRICT OF CALIFORNIA  
VENUE: SAN FRANCISCO

FILED  
2014 OCT 22 A 9 52  
RICHARD W. WICKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,  
v.

WHO

**CR 14 534**

JAMES F. APPENRODT

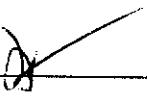
DEFENDANT(S).

**INDICTMENT**

Title 15 U.S.C. Section 1 (Bid Rigging)  
(Counts One, Six)

Title 18 U.S.C. Section 1341 (Mail Fraud)  
(Counts Three, Four, Five, Eight)

A true bill.

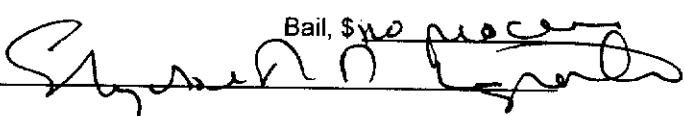
  
Foreman

Filed in open court this 21<sup>st</sup> day of

October 2014

Stephen Ybarra  
Clerk

Bail, \$no present



United States District Court **FILED**

FOR THE  
NORTHERN DISTRICT OF CALIFORNIA 2014 OCT 22 A # 52

VENUE: SAN FRANCISCO

RICHARD W. SICKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

---

UNITED STATES OF AMERICA,

v.

WHO

**CR 14 534**

ABRAHAM S. FARAG

DEFENDANT(S).

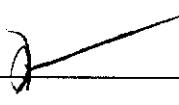
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**INDICTMENT**

Title 15 U.S.C. Section 1 (Bid Rigging)  
(Counts One)

Title 18 U.S.C. Section 1341 (Mail Fraud)  
(Counts Two, Four)

A true bill.

  
Foreman

Filed in open court this 21<sup>st</sup> day of

October 2014.

Stephen Ybarra

Clerk

Bail, \$ no money

Eugene D. Lerner

**DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT**BY:  COMPLAINT  INFORMATION  INDICTMENT SUPERSEDING**OFFENSE CHARGED**Title 15 U.S. Code, Section 1 (Bid Rigging)  
Counts One, SixTitle 18 U.S. Code, Section 1341 (Mail Fraud)  
Counts Two, Three, Four, Five, Seven, Eight

- Petty  
 Minor  
 Misdemeanor  
 Felony

PENALTY: See attachment.

Name of District Court, and/or Judge/Magistrate location

NORTHERN DISTRICT OF CALIFORNIA

2014-00722-A 9-52

SAN FRANCISCO DIVISION

NORTHERN U.S. DISTRICT COURT

**DEFENDANT - U.S.**

JOSEPH J. GIRAUDO

DISTRICT COURT NUMBER

CR 14 WHO 534

**DEFENDANT****IS NOT IN CUSTODY**

Has not been arrested, pending outcome this proceeding.

1)  If not detained give date any prior summons was served on above charges2)  Is a Fugitive3)  Is on Bail or Release from (show District)**IS IN CUSTODY**4)  On this charge5)  On another conviction}  Federal  State6)  Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer  Yes  
been filed?  No} If "Yes"  
give date  
filedDATE OF  
ARREST

Month/Day/Year

Or... if Arresting Agency &amp; Warrant were not

DATE TRANSFERRED  
TO U.S. CUSTODY

Month/Day/Year

 This report amends AO 257 previously submittedName and Office of Person  
Furnishing Information on this form Antitrust Division U.S. Attorney  Other U.S. AgencyName of Assistant U.S.  
Attorney (if assigned)

David J. Ward, Trial Attorney

**PROCESS:** SUMMONS  NO PROCESS\*  WARRANT

Bail Amount: \_\_\_\_\_

If Summons, complete following:

 Arraignment  Initial Appearance

\* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Defendant Address: \_\_\_\_\_

Date/Time: \_\_\_\_\_ Before Judge: \_\_\_\_\_

Comments: \_\_\_\_\_

<b>ADDITIONAL INFORMATION OR COMMENTS</b>	
<input type="checkbox"/> SUMMONS <input checked="" type="checkbox"/> NO PROCESS* <input type="checkbox"/> WARRANT      Bail Amount: _____ If Summons, complete following: <input type="checkbox"/> Arraignment <input type="checkbox"/> Initial Appearance Defendant Address: _____	
Date/Time: _____ Before Judge: _____ Comments: _____	

PENALTY SHEET

**Individual: Joseph J. Giraudo**

15 U.S.C. § 1 – Bid Rigging (Counts One, Six)

**Maximum Penalties:**

1. A term of imprisonment of 10 years
2. A fine of \$1 million, or two times the gross gain or loss, whichever is greater
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$200)
5. Restitution

18 U.S.C. § 1341 – Mail Fraud (Counts Two, Three, Four, Five, Seven, Eight)

**Maximum Penalties:**

1. A term of imprisonment of 20 years
2. A fine of \$1 million
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$600)
5. Restitution

**DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT**BY:  COMPLAINT  INFORMATION  INDICTMENT SUPERSEDING**OFFENSE CHARGED**

Title 15 U.S. Code, Section 1 (Bid Rigging)

Counts One, Six

Title 18 U.S. Code, Section 1341 (Mail Fraud)

Counts Two, Three, Five, Seven, Eight

 Petty Minor Misdemeanor Felony

PENALTY: See attachment.

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION # 52

**DEFENDANT - U.S.**

RAYMOND A. GRINSELL

DISTRICT COURT NUMBER

CR 14 534

**DEFENDANT****IS NOT IN CUSTODY**Has not been arrested, pending outcome this proceeding.  
1)  If not detained give date any prior summons was served on above charges →2)  Is a Fugitive3)  Is on Bail or Release from (show District)**IS IN CUSTODY**4)  On this charge5)  On another conviction }       Federal  State6)  Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer  Yes  
been filed?  No} If "Yes"  
give date  
filedDATE OF  
ARREST →

Month/Day/Year

Or... if Arresting Agency &amp; Warrant were not

DATE TRANSFERRED  
TO U.S. CUSTODY →

Month/Day/Year

 This report amends AO 257 previously submittedName and Office of Person  
Furnishing Information on this form Antitrust Division U.S. Attorney  Other U.S. AgencyName of Assistant U.S.  
Attorney (if assigned)

David J. Ward, Trial Attorney

**PROCESS:** SUMMONS  NO PROCESS\*  WARRANT

Bail Amount: \_\_\_\_\_

If Summons, complete following:

 Arraignment  Initial Appearance

Defendant Address: \_\_\_\_\_

\* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: \_\_\_\_\_ Before Judge: \_\_\_\_\_

Comments: \_\_\_\_\_

PENALTY SHEET

**Individual: Raymond A. Grinsell**

15 U.S.C. § 1 – Bid Rigging (Counts One, Six)

**Maximum Penalties:**

1. A term of imprisonment of 10 years
2. A fine of \$1 million, or two times the gross gain or loss, whichever is greater
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$200)
5. Restitution

18 U.S.C. § 1341 – Mail Fraud (Counts Two, Three, Five, Seven, Eight)

**Maximum Penalties:**

1. A term of imprisonment of 20 years
2. A fine of \$1 million
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$500)
5. Restitution



PENALTY SHEET

**Individual: Kevin B. Cullinane**

15 U.S.C. § 1 – Bid Rigging (Count One)

**Maximum Penalties:**

1. A term of imprisonment of 10 years
2. A fine of \$1 million, or two times the gross gain or loss, whichever is greater
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$100)
5. Restitution

18 U.S.C. § 1341 – Mail Fraud (Counts Two, Three, Four)

**Maximum Penalties:**

1. A term of imprisonment of 20 years
2. A fine of \$1 million
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$300)
5. Restitution

**DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT**BY:  COMPLAINT  INFORMATION  INDICTMENT SUPERSEDING**OFFENSE CHARGED**Title 15 U.S. Code, Section 1 (Bid Rigging)  
Counts One, SixTitle 18 U.S. Code, Section 1341 (Mail Fraud)  
Counts Three, Four, Five, Eight Petty Minor Misdemeanor Felony

PENALTY: See attachment.

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

NORTHERN DISTRICT OF CALIFORNIA A 9:52

**DEFENDANT - U.S.**

JAMES F. APPENRODT

DISTRICT COURT NUMBER

CR 14

534

WHO

**PROCEEDING**

Name of Complainant Agency, or Person (&amp; Title, if any)

Federal Bureau of Investigation

 person is awaiting trial in another Federal or State Court,  
give name of court this person/proceeding is transferred from another district  
per (circle one) FRCrp 20, 21, or 40. Show District this is a reprocution of  
charges previously dismissed  
which were dismissed on motion  
of: U.S. ATTORNEY  DEFENSESHOW  
DOCKET NO. this prosecution relates to a  
pending case involving this same  
defendantMAGISTRATE  
CASE NO. prior proceedings or appearance(s)  
before U.S. Magistrate regarding this  
defendant were recorded under

{

Name and Office of Person  
Furnishing Information on this form Antitrust Division U.S. Attorney  Other U.S. AgencyName of Assistant U.S.  
Attorney (if assigned)David J. Ward, Trial Attorney**DEFENDANT****IS NOT IN CUSTODY**Has not been arrested, pending outcome this proceeding.  
1)  If not detained give date any prior  
summons was served on above charges2)  Is a Fugitive3)  Is on Bail or Release from (show District)**IS IN CUSTODY**4)  On this charge5)  On another conviction}  Federal  State6)  Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer  Yes  
been filed?  No} If "Yes"  
give date  
filedDATE OF  
ARREST

Month/Day/Year

Or... if Arresting Agency &amp; Warrant were not

DATE TRANSFERRED  
TO U.S. CUSTODY

Month/Day/Year

 This report amends AO 257 previously submitted**PROCESS:** SUMMONS  NO PROCESS\*  WARRANT

Bail Amount: \_\_\_\_\_

If Summons, complete following:

 Arraignment  Initial Appearance

Defendant Address: \_\_\_\_\_

\* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: \_\_\_\_\_

Before Judge: \_\_\_\_\_

Comments: \_\_\_\_\_

PENALTY SHEET

**Individual: James F. Appenrodt**

15 U.S.C. § 1 – Bid Rigging (Counts One, Six)

**Maximum Penalties:**

1. A term of imprisonment of 10 years
2. A fine of \$1 million, or two times the gross gain or loss, whichever is greater
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$200)
5. Restitution

18 U.S.C. § 1341 – Mail Fraud (Counts Three, Four, Five, Eight)

**Maximum Penalties:**

1. A term of imprisonment of 20 years
2. A fine of \$1 million
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$400)
5. Restitution

**DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT**BY:  COMPLAINT  INFORMATION  INDICTMENT SUPERSEDING**OFFENSE CHARGED**

Title 15 U.S. Code, Section 1 (Bid Rigging)

Count One

Title 18 U.S. Code, Section 1341 (Mail Fraud)

Counts Two, Four

 Petty Minor Misdemeanor Felony

PENALTY: See attachment.

Name of District Court, and/or Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN FRANCISCO DIVISION

FILED  
2014 OCT 22 AM 9:52**DEFENDANT - U.S.**

ABRAHAM S. FARAG

**DISTRICT COURT NUMBER**

CR 14 534WHO

**PROCEEDING**

Name of Complainant Agency, or Person (&amp; Title, if any)

Federal Bureau of Investigation

 person is awaiting trial in another Federal or State Court, give name of court this person/proceeding is transferred from another district per (circle one) FRCrp 20, 21, or 40. Show District this is a reprocution of charges previously dismissed  
 which were dismissed on motion of: U.S. ATTORNEY  DEFENSE

SHOW DOCKET NO.

 this prosecution relates to a pending case involving this same defendant

MAGISTRATE CASE NO.

 prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person Furnishing Information on this form Antitrust Division

 U.S. Attorney  Other U.S. Agency

Name of Assistant U.S. Attorney (if assigned)

David J. Ward, Trial Attorney

**IS NOT IN CUSTODY**

Has not been arrested, pending outcome this proceeding.

1)  If not detained give date any prior summons was served on above charges2)  Is a Fugitive3)  Is on Bail or Release from (show District)**IS IN CUSTODY**4)  On this charge5)  On another conviction}  Federal  State6)  Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

Has detainer  Yes  
been filed?  No} If "Yes"  
give date  
filed

DATE OF ARREST

Month/Day/Year

Or... if Arresting Agency &amp; Warrant were not

DATE TRANSFERRED  
TO U.S. CUSTODY

Month/Day/Year

 This report amends AO 257 previously submitted**PROCESS:** SUMMONS  NO PROCESS\*  WARRANT

Bail Amount: \_\_\_\_\_

If Summons, complete following:

 Arraignment  Initial Appearance

Defendant Address: \_\_\_\_\_

\* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: \_\_\_\_\_ Before Judge: \_\_\_\_\_

Comments: \_\_\_\_\_

PENALTY SHEET

**Individual: Abraham S. Farag**

15 U.S.C. § 1 – Bid Rigging (Count One)

**Maximum Penalties:**

1. A term of imprisonment of 10 years
2. A fine of \$1 million, or two times the gross gain or loss, whichever is greater
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$100)
5. Restitution

18 U.S.C. § 1341 – Mail Fraud (Counts Two, Four)

**Maximum Penalties:**

1. A term of imprisonment of 20 years
2. A fine of \$1 million
3. A period of supervised release of not more than 3 years
4. \$100 special assessment per count (\$200)
5. Restitution

*FILED*

2014 OCT 22 A 9:56

HONORABLE R. W. WEXLER  
CLERK OF U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

1 DAVID J. WARD (CSBN 239504)  
 2 CHRISTINA M. WHEELER (CSBN 203395)  
 3 LIDIA MAHER (CSBN 222253)  
 4 ANDREW J. NICHOLSON-MEADE (CSBN 284070)  
 5 U.S. Department of Justice  
 6 Antitrust Division  
 7 450 Golden Gate Avenue  
 8 Box 36046, Room 10-0101  
 9 San Francisco, CA 94102  
 10 Telephone: (415) 934-5300  
 11 david.ward@usdoj.gov

12 Attorneys for the United States

13  
 14 UNITED STATES DISTRICT COURT  
 15 NORTHERN DISTRICT OF CALIFORNIA  
 16 SAN FRANCISCO DIVISION

17 UNITED STATES OF AMERICA

**CR 14 534**

) INDICTMENT

18 )  
 19 ) VIOLATIONS: 15 U.S.C. § 1 –  
 20 ) Bid Rigging (Counts One & Six);  
 21 ) 18 U.S.C. § 1341 – Mail Fraud (Counts  
 22 ) Two, Three, Four, Five, Seven & Eight)  
 23 )  
 24 )  
 25 )  
 26 )  
 27 )  
 28 )

Defendants.

*WHO*

The Grand Jury charges that:

BACKGROUND

1. At all times relevant to this Indictment, when California homeowners defaulted on their mortgages, mortgage holders could institute foreclosure proceedings and sell the properties through non-judicial public real estate foreclosure auctions (“public auctions”). These public auctions were governed by California Civil Code, Section 2924, *et seq.* Typically, a trustee was

1 appointed to oversee the public auctions. These public auctions usually took place at or near the  
2 courthouse of the county in which the properties were located. The auctioneer, acting on behalf  
3 of the trustee, sold the property to the bidder offering the highest purchase price. Proceeds from  
4 the sale were then used to pay the mortgage holders, other holders of debt secured by the  
5 property, and, in some cases, the defaulting homeowner (collectively "beneficiaries").

6       2. During the period covered by this Indictment, defendant JOSEPH J. GIRAUDO  
7 was a bidder at and purchased real estate at public auctions in San Mateo and San Francisco  
8 counties, California.

9       3. During the period covered by this Indictment, defendant RAYMOND A.  
10 GRINSELL was a bidder at and purchased real estate at public auctions in San Mateo and San  
11 Francisco counties, California.

12       4. During the period covered by this Indictment, defendant KEVIN B. CULLINANE  
13 was a bidder at and purchased real estate at public auctions in San Mateo County, California.

14       5. During the period covered by this Indictment, defendant JAMES F.  
15 APPENRODT was a bidder at and purchased real estate at public auctions in San Mateo and San  
16 Francisco counties, California, on behalf of defendant JOSEPH J. GIRAUDO and others.

17       6. During the period covered by this Indictment, defendant ABRAHAM S. FARAG  
18 was a bidder at and purchased real estate at public auctions in San Mateo County, California.

19 **COUNT ONE: 15 U.S.C. § 1 – Bid Rigging (San Mateo County)**

20       7. The following individuals are hereby indicted and made defendants on the charge  
21 contained in Count One below:

- 22           a. JOSEPH J. GIRAUDO;  
23           b. RAYMOND A. GRINSELL;  
24           c. KEVIN B. CULLINANE;  
25           d. JAMES F. APPENRODT; and  
26           e. ABRAHAM S. FARAG.

27       //

28       //

## THE COMBINATION AND CONSPIRACY

8. Paragraphs 1 through 6 of this Indictment are re-alleged and incorporated herein as if fully set forth in this Count.

4       9. Beginning no later than August 2008 and continuing until on or about January 11,  
5 2011, the exact dates being unknown to the Grand Jury, the defendants, JOSEPH J. GIRAUDO,  
6 RAYMOND A. GRINSELL, KEVIN B. CULLINANE, JAMES F. APPENRODT, ABRAHAM  
7 S. FARAG, and others known and unknown to the Grand Jury, entered into and engaged in a  
8 combination and conspiracy to suppress and restrain competition by rigging bids to obtain  
9 dozens of selected properties offered at public auctions in San Mateo County in the Northern  
10 District of California, in unreasonable restraint of interstate trade and commerce, in violation of  
11 Section 1 of the Sherman Act, Title 15, United States Code.

12        10. The charged combination and conspiracy consisted of a continuing agreement,  
13 understanding, and concert of action among the defendants and co-conspirators to suppress  
14 competition by agreeing to refrain from or stop bidding against each other to purchase selected  
15 properties at public auctions in San Mateo County at non-competitive prices.

## MEANS AND METHODS

17        11. For the purpose of forming and carrying out the charged combination and  
18 conspiracy, the defendants and co-conspirators did those things that they combined and  
19 conspired to do, including, among other things:

20                   a. agreeing not to compete or to stop competing to purchase selected  
21 properties at public auctions in return for payoffs;

22 b. designating which conspirators would win selected properties at public  
23 auctions;

24 c. refraining from or stopping bidding for selected properties at public  
25 auctions; and

26                   d. purchasing selected properties at public auctions at artificially suppressed  
27 prices.

28 //

12. Various entities and individuals, not made defendants in this Count, participated as co-conspirators in the offense charged and performed acts and made statements in furtherance thereof.

## TRADE AND COMMERCE

13. The public auctions and the business activities of the defendants and co-conspirators that are the subject of this Count were within the continuous and uninterrupted flow of, and substantially affected, interstate trade and commerce. For example, during the period covered by this Count:

a. substantial proceeds from the sale of properties purchased by the co-conspirators pursuant to the bid-rigging conspiracy were transmitted from locations in one state to certain beneficiaries located in other states;

b. instructions regarding the terms of sale of properties that would be purchased by the co-conspirators pursuant to the bid-rigging conspiracy were transmitted and communicated by certain beneficiaries located in one state to trustees located in other states;

c. paperwork related to the sale of properties purchased by the co-conspirators pursuant to the bid-rigging conspiracy was sent by trustees located in one state to certain beneficiaries located in other states, notifying them of the sale of properties in which the beneficiaries held an interest; and

d. beneficiaries included companies that operated in interstate commerce.

## JURISDICTION AND VENUE

14. The combination and conspiracy charged in this Count was carried out, in part, in the Northern District of California, within the five years preceding the return of this Indictment.

**ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.**

**COUNTS TWO THROUGH FIVE: 18 U.S.C. § 1341 – Mail Fraud (San Mateo County)**

The Grand Jury further charges that:

## THE SCHEME TO DEFRAUD

15. Paragraphs 1 through 6 of this Indictment are re-alleged and incorporated herein as if fully set forth in these Counts.

16. Beginning no later than August 2008 and continuing until on or about January 11, 2011, the exact dates being unknown to the Grand Jury, in San Mateo County in the Northern District of California, the defendants, JOSEPH J. GIRAUDO, RAYMOND A. GRINSELL, KEVIN B. CULLINANE, JAMES F. APPENRODT, ABRAHAM S. FARAG, and others known and unknown to the Grand Jury, did knowingly and with intent to defraud, devise and participate in a scheme and artifice to defraud beneficiaries and to obtain money and property from beneficiaries by means of materially false and fraudulent pretenses, representations, and promises, and, for purposes of executing such scheme, to use and knowingly cause to be used the United States mail and private or commercial interstate carriers.

17. The purpose of the scheme was to fraudulently acquire title to dozens of selected properties sold at public auctions in San Mateo County and to divert money to co-schemers that would have gone to beneficiaries.

## MEANS AND METHODS OF THE SCHEME TO DEFRAUD

18. For the purpose of forming and carrying out the charged scheme to defraud, the defendants and co-schemers did those things that they schemed to do, including, among other things:

a. paying co-schemers monies that otherwise would have gone to beneficiaries;

b. taking steps to conceal the fact that monies were diverted from beneficiaries to co-schemers;

c. making and causing to be made materially false and misleading statements on records of public auctions that trustees relied upon to distribute proceeds from the public auction to beneficiaries and convey title to selected properties sold at the public auctions; and

d. causing the suppressed purchase price to be reported to beneficiaries.

## USE OF THE MAILS

19. To carry out and attempt to carry out the scheme and artifice to defraud, the defendants and co-schemers knowingly used and caused to be used the United States Postal Service and private or commercial interstate carriers. For example, the defendants and

1 co-schemers caused trustees to use the United States mail and private or commercial interstate  
 2 carriers to transmit the Trustee's Deeds Upon Sale ("TDUS") and other related documents to  
 3 participants in the scheme. These mailings were foreseeable to the defendants and mailed in the  
 4 ordinary course of business.

5       20. On or about the dates and with respect to the individual defendants specified as to  
 6 each count set forth below, the defendants and co-schemers did knowingly cause to be delivered  
 7 by United States mail and private and commercial carriers, including the United States Postal  
 8 Service, United Parcel Service, and FedEx, the items identified in each count below:

Count	Defendants	Approx. Date of Mailing	To	From	Description of Mailing
2	Joseph Giraudo Raymond Grinsell Kevin Cullinane Abraham Farag	3/9/2010	10 Santa Gina Ct., Hillsborough, CA 94010	Default Resolution Network	TDUS Regarding: 2544 Emmett Way, East Palo Alto, CA
3	Joseph Giraudo Raymond Grinsell Kevin Cullinane James Appenrodt	4/5/2010	311 S. Ellsworth Ave. San Mateo, CA 94401	Regional Trustee Services	TDUS Regarding: 974 Gellert Blvd., Daly City, CA
4	Joseph Giraudo Kevin Cullinane James Appenrodt Abraham Farag	5/13/2010	2300 Bridgeway, Sausalito, CA 94965	NDeX West, L.L.C.	TDUS Regarding: 91 El Portal Way, Daly City, CA
5	Joseph Giraudo Raymond Grinsell James Appenrodt	9/10/2010	63 Bovet Rd. #354 San Mateo, CA 94403	Quality Loan Service Corp.	TDUS Regarding: 81 Highland Ave, San Carlos, CA

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## JURISDICTION AND VENUE

21. The scheme and artifice to defraud charged in these Counts was carried out, in part, in the Northern District of California, within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1341.

**COUNT SIX: 15 U.S.C. § 1 – Bid Rigging (San Francisco County)**

The Grand Jury further charges that:

22. The following individuals are hereby indicted and made defendants on the charges stated in Count Six below:

- a. JOSEPH J. GIRAUDO;
  - b. RAYMOND A. GRINSELL; and
  - c. JAMES F. APPENRODT.

## THE COMBINATION AND CONSPIRACY

23. Paragraphs 1 through 3 and paragraph 5 of this Indictment are re-alleged and incorporated herein as if fully set forth in this Count.

24. Beginning no later than November 2008 and continuing until on or about January 11, 2011, the exact dates being unknown to the Grand Jury, the defendants, JOSEPH J. GIRAUDO, RAYMOND A. GRINSELL, JAMES F. APPENRODT, and others known and unknown to the Grand Jury, entered into and engaged in a combination and conspiracy to suppress and restrain competition by rigging bids to obtain dozens of selected properties offered at public auctions in San Francisco County in the Northern District of California, in unreasonable restraint of interstate trade and commerce, in violation of Section 1 of the Sherman Act, Title 15, United States Code.

25. The charged combination and conspiracy consisted of a continuing agreement, understanding, and concert of action among the defendants and co-conspirators to suppress competition by agreeing to refrain from or stop bidding against each other to purchase dozens of selected properties at public auctions in San Francisco County at non-competitive prices.

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## MEANS AND METHODS

26. For the purpose of forming and carrying out the charged combination and conspiracy, the defendants and co-conspirators did those things that they combined and conspired to do, including, among other things:

- a. agreeing not to compete or to stop competing to purchase selected properties at public auctions in return for payoffs;
  - b. designating which conspirators would win selected properties at public auctions;
  - c. refraining from or stopping bidding for selected properties at public auctions; and,
  - d. purchasing selected properties at public auctions at artificially suppressed prices.

27. Various entities and individuals, not made defendants in this Count, participated as co-conspirators in the offense charged and performed acts and made statements in furtherance thereof.

## TRADE AND COMMERCE

28. The public auctions and the business activities of the defendants and co-conspirators that are the subject of this Count were within the continuous and uninterrupted flow of, and substantially affected, interstate trade and commerce. For example, during the period covered by this Count:

- a. substantial proceeds from the sale of properties purchased by the co-conspirators pursuant to the bid-rigging conspiracy were transmitted from locations in one state to certain beneficiaries located in other states;
  - b. instructions regarding the terms of sale of properties that would be purchased by the co-conspirators pursuant to the bid-rigging conspiracy were transmitted and communicated by certain beneficiaries located in one state to trustees located in other states;
  - c. paperwork related to the sale of properties purchased by the co-conspirators pursuant to the bid-rigging conspiracy was sent by trustees located in one state to

certain beneficiaries located in other states, notifying them of the sale of properties in which the beneficiaries held an interest; and

d. beneficiaries included companies that operated in interstate commerce.

## JURISDICTION AND VENUE

29. The combination and conspiracy charged in this Count was carried out, in part, in the Northern District of California, within the five years preceding the return of this Indictment.

**ALL IN VIOLATION OF TITLE 15, UNITED STATES CODE, SECTION 1.**

**COUNTS SEVEN & EIGHT: 18 U.S.C. § 1341 – Mail Fraud (San Francisco County)**

The Grand Jury further charges that:

## THE SCHEME TO DEFRAUD

30. Paragraphs 1 through 3 and paragraph 5 of this Indictment are re-alleged and incorporated herein as if fully set forth in these Counts.

31. Beginning no later than November 2008 and continuing until on or about January 11, 2011, the exact dates being unknown to the Grand Jury, in San Francisco County in the Northern District of California, the defendants, JOSEPH J. GIRAUDO, RAYMOND A. GRINSELL, JAMES F. APPENRODT, and others known and unknown to the Grand Jury, did knowingly and with intent to defraud, devise and participate in a scheme and artifice to defraud beneficiaries and to obtain money and property from beneficiaries by means of materially false and fraudulent pretenses, representations, and promises, and, for purposes of executing such scheme, to use and knowingly cause to be used the United States mail and private or commercial interstate carriers.

32. The purpose of the scheme was to fraudulently acquire title to dozens of selected properties sold at public auctions in San Francisco County and to divert money to co-schemers that would have gone to beneficiaries.

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1                   MEANS AND METHODS OF THE SCHEME TO DEFRAUD

2       33. For the purpose of forming and carrying out the charged scheme to defraud, the  
3 defendants and co-schemers did those things that they schemed to do, including, among other  
4 things:

- 5                   a. paying co-schemers monies that otherwise would have gone to  
6 beneficiaries;  
7                   b. taking steps to conceal the fact that monies were diverted from  
8 beneficiaries to co-schemers;  
9                   c. making and causing to be made materially false and misleading statements  
10 on records of public auctions that trustees relied upon to distribute proceeds from the public  
11 auction to beneficiaries and convey title to properties sold at the public auctions; and  
12                   d. causing the suppressed purchase price to be reported to beneficiaries.

13                   USE OF THE MAILED

14       34. To carry out and attempt to carry out the scheme and artifice to defraud, the  
15 defendants and co-schemers knowingly used and caused to be used the United States Postal  
16 Service and private or commercial interstate carriers. For example, the defendants and  
17 co-schemers caused trustees to use the United States mail and private or commercial interstate  
18 carriers to transmit TDUSs and other related documents to participants in the scheme. These  
19 mailings were foreseeable to the defendants and mailed in the ordinary course of business.

20       35. On or about the dates and with respect to the individual defendants specified as to  
21 each count set forth below, the defendants and co-schemers did knowingly cause to be delivered  
22 by United States mail and private and commercial carriers, including the United States Postal  
23 Service, United Parcel Service, and FedEx, the items identified in each count below:

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Count	Defendants	Approx. Date of Mailing	To	From	Description of Mailing
7	Joseph Giraudo Raymond Grinsell	7/8/2010	2010 Ocean Ave. Suite E San Francisco, CA 94127	CR Title Services Inc.	TDUS Regarding: 4126 Pacheco St. San Francisco, CA
8	Joseph Giraudo Raymond Grinsell James Appenrodt	7/23/2010	1138 Taylor St. San Francisco, CA 94108	Northwest Trustee Services, Inc.	TDUS Regarding: 2094 46 <sup>th</sup> Ave San Francisco, CA

JURISDICTION AND VENUE

36. The scheme and artifice to defraud charged in these Counts was carried out, in part, in the Northern District of California, within the five years preceding the return of this Indictment.

ALL IN VIOLATION OF TITLE 18, UNITED STATES CODE, SECTION 1341.

**FORFEITURE ALLEGATION: 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c)**

37. Paragraphs 1 through 6, paragraphs 15 through 21, and paragraphs 30 through 36 are hereby re-alleged as if fully set forth herein for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

38. Pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), upon conviction of the offenses alleged in Counts Two, Three, Four, Five, Seven, and Eight of this Indictment, each defendant so convicted shall be jointly and severally liable to forfeit to the United States any property constituting, or derived from, proceeds obtained directly or indirectly from the scheme and artifice to defraud alleged in said Counts.

39. If, as a result of any act or omission of the defendants, any of said property:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;

- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property that cannot be divided without difficulty;

erest that the defendants have in any other property, up to the value of the property paragraph 38 above, shall be forfeited to the United States pursuant to Title 21, Code, Section 853(p), as incorporated by Title 28, United States Code, Section

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10 Dated: 10-21-14

A TRUE BILL.

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## **FOREPERSON**

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Deputy Assistant Attorney General

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Chief, San Francisco Office

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United States Department of Justice  
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